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Annual Report
AND 1949 YEARBOOK

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GENERAL ELECTRIC

A DOLLAR SPENT ON BETTER ELECTRICAL LIVING TODAY IS ONE OF THE BEST BUYS IN THE MARKET

GENERAL ELECTRIC

FIFTY-EIGHTH

Annual Report

AND YEARBOOK

1949

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ABOUT THE COVER: The first industrial research laboratory in America was founded by the General Electric Company in 1900. Beginning modestly in a barn in Schenectady, this fundamental research program rapidly proved its value. Over the years the investment in better and better facilities and staff has been amply justified. Each of the Company's varied products owes something to the contributions of the research laboratory. As a new building nears completion in 1950 to provide one of the best equipped laboratories in the world, the fiftieth anniversary of the G-E research program will be observed.

NOTE: In this Report, the terms ''General Electric'' and ''Company'' refer to the consolidated group of companies as listed in Note 1 on page 18, and the terms ''stockholders,'' ''common stock,'' ''directors'' and ''officers'' generally refer only to the Parent Company. References to individual companies, or other groups of companies, in the General Electric family, are specifically designated. Amounts stated in round numbers, as a rule, are approximate.

HIGHLIGHTS OF THE REPORT

	1949	1948	PER CENT CHANGE
Sales of products and services to customers	$1,613,564,000	$1,632,701,000	*1.2*
Net earnings (net profit)	$ 125,639,000	$ 123,835,000	1.5
Net earnings per dollar of total revenue	7.7 cents	7.5 cents	2.7
Net earnings per share of common stock	$4.36	$4.29	1.5
Dividends declared per share of common stock	$2.50	$1.80	38.9
Dividends paid per share of common stock	$2.00	$1.70	17.6
Average number of stockholders	250,562	249,311	0.5
Average number of employees (*)	179,300	196,798	*8.9*
Earnings of employees for the year (*)	$ 606,685,000	$ 662,665,000	*8.4*
Provision for all taxes	$ 152,108,000	$ 173,736,000	*12.4*
Provision for depreciation of plant and equipment	$ 47,499,000	$ 38,273,000	24.1
Expenditures for plant and equipment	$ 60,905,000	$ 103,874,000	*41.4*
Net working capital at end of year	$ 393,484,000	$ 381,888,000	3.0
Notes payable outstanding at end of year	$ 144,500,000	$ 177,050,000	*18.4*
G.E. product prices (index numbers 1940 = 100):			
Weighted average for year	137	137	—
Weighted average at end of year	134	141	*5.0*

***These data include the number of, and amounts earned by, employees on Nucleonics projects operated for the U.S. Government. Since the Parent Company is reimbursed for all costs of operating Nucleonics projects, such costs are excluded from the Consolidated Statement of Earnings.**

Schenectady, N. Y., March 10, 1950

To the Stockholders:

THE management of your Company welcomes the opportunity to submit to you and to the public this fifty-eighth Annual Report, which records General Electric's accomplishments during the past year and its objectives for ensuing years.

As a preface to this review of General Electric's activities and objectives and to provide the basis for a better understanding of such matters, your management's concept of its major function in the administration of the business is outlined below.

Initially, of course, the management is keenly aware of the fact that General Electric's operations have a direct and singularly important bearing upon the livelihood and well-being of the hundreds of thousands of persons who own and who work for the Company. Secondly, the management fully realizes that the Company's operations are of indirect, although very tangible, benefit to the additional hundreds of thousands of people who purchase and who are served by its products. Finally, and conversely, the management understands that wholehearted co-operation on the part of the stockholders, employees and customers is completely essential to the continuing successful operation of General Electric as a corporate enterprise. Accordingly, your management considers that its primary responsibility is to so administer General Electric's affairs that the long-term interests of each of these three interdependent groups—and thus the interests of the Company and of the general public—may best be served. To this end, therefore, certain basic policies are adhered to, of which the following are typical:

- Fundamental research is emphasized and engineering standards are regularly raised to insure continuing leadership of the industry as to type, quality and performance of product.

- Plant facilities, manufacturing methods, and marketing techniques are modernized to the fullest practicable extent in order to obtain increasing efficiency of operation and progressively lower costs.

- Work is provided, on as steady a basis as possible, for the maximum number of men and women which can be employed effectively consistent with the availability of materials and with demands for the products involved.

- Employees are paid what is right in a particular community—all things considered—for the skill, care, effort and working conditions involved in comparable jobs under similar circumstances.

- Product selling prices are kept as low as possible consistent with the yield of reasonable margins of profit.

- And the proportion of net earnings distributed as dividends is kept as high as possible consistent with a prudent debt reduction program and with working capital requirements.

OPERATING RESULTS

Turning now to the review of 1949 activities, attention is first directed to pages 15 through 19 of this Report on which will be found the Company's official financial statements as well as the report of the independent public accountants who were authorized, at the last annual meeting of the stockholders, to audit the accounts and records.

For the convenience of those readers who are unaccustomed to analyzing formal accounting statements, a simplified summary of General Electric's operating results for the past two years is shown below:

	AMOUNT (IN MILLIONS)		PER CENT CHANGE	PER CENT OF TOTAL REVENUE	
	1949	1948		1949	1948
Revenue was received from the following sources:					
Charges to customers for products and services (sales)	$1,613.6	$1,632.7	*1.2%*	98.8%	98.9%
Dividends and interest on investments, etc.	20.2	18.8	7.1	1.2	1.1
Total revenue	1,633.8	1,651.5	*1.1*	100.0	100.0
From which payment or provision was made for:					
Employee compensation applicable to the above sales	597.9	610.3	*2.0*	36.6	37.0
Pensions, social security and other employee benefits	51.7	49.6	4.3	3.2	3.0
Depreciation of plant and equipment	47.5	38.3	24.1	2.9	2.3
Federal taxes on income	78.0	93.7	*16.8*	4.8	5.7
Interest on borrowed money and other financial charges	4.9	5.3	*7.2*	0.3	0.3
Materials, parts, supplies, etc., purchased, and all other costs, expenses or charges	728.2	730.5	*0.3*	44.5	44.2
Total cost of operating the business	1,508.2	1,527.7	*1.3*	92.3	92.5
Leaving net earnings (net profit) for the year of	$ 125.6	$ 123.8	1.5%	7.7%	7.5%

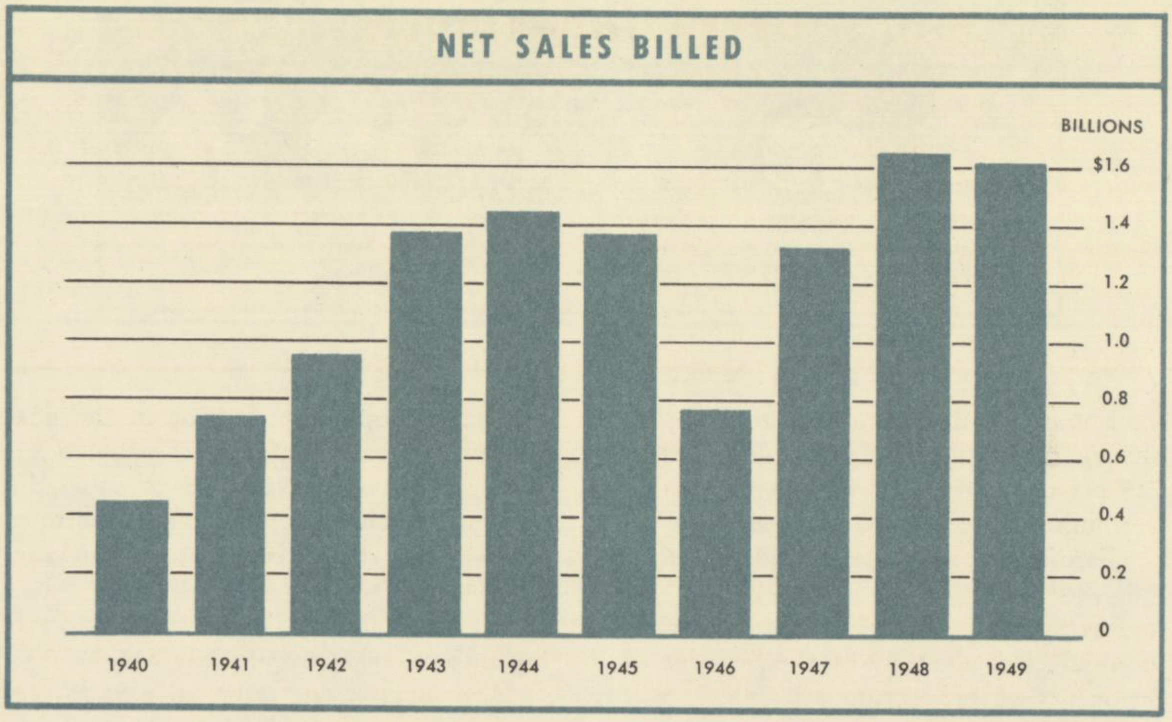
SALES AND PRODUCTION

Your Company's sales to customers during 1949 totaled $1,613,564,000, or only 1.2 per cent less than the record amount of $1,632,701,000 billed in 1948, in spite of the fact that the selling prices of all General Electric products, on a weighted average basis, were 5 per cent lower at the close of 1949 than they were at the beginning of the year.

Although an accurate classification cannot be made in all cases, the indications are that in both 1949 and 1948 producers' goods accounted for about 65 per cent, and consumers' goods for about 35 per cent, of the the Company's total sales.

According to broad classifications of product, the Company's business in 1949 compared with that for 1948 as follows: it was better for public utility equipment of practically all types, for transportation equipment, electronics products, and for automatic heating equipment; it was substantially unchanged for lamps and chemical products; and it was poorer for appliances, industrial equipment, construction materials, and for air conditioning and commercial refrigeration equipment.

As regards export business for markets outside of Canada, sales of General Electric and other products—at the International General Electric Company's selling prices—were equivalent to approximately six per cent of your Company's total sales in each of the last two years.


NET SALES BILLED

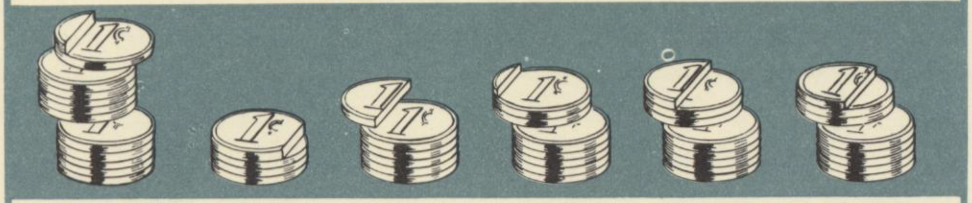
The over-all sales results for 1949 represented a real accomplishment, for, in sharp contrast with market conditions existing in other postwar years, intensive selling efforts were required in all operating units of the Company throughout the entire year.

Indeed, the second quarter of 1949 marked the beginning of a period of rapidly diminishing demand for a variety of products, including appliances, construction materials, small and medium sized motors, and numerous items for industrial applications. That trend continued until well into the summer, and then, almost as abruptly as it had started, it was reversed. The demand for most of these products improved quite steadily to the point where, in the latter part of the year, they were again being sold at rates equal to, or in excess of, those previously attained. The exact reasons for such extreme variations in demand are not known, but presumably they reflected a complete change of buyer opinion as to the adequacy of inventories of the respective products involved, and also as to the trend of selling prices. In the meantime, your Company's production schedules were being adjusted to conform as closely as possible with these fast changing market conditions.

In the final quarter of 1949 some curtailment of production was necessitated by the shortages of materials, parts, and fuel which resulted from the strikes by the steel workers and coal miners, but the full impact of such strikes was yet to be felt as the year came to a close.

Employment during 1949, of course, followed the same general trends as did production. And despite the elimination of all but the most essential overtime, the shortening of working schedules, the extension of vacation shut-downs of certain plants, and temporary lay-offs, the number of employees on the payroll averaged 179,300 compared with 196,798 during 1948, a decrease of 8.9 per cent. From a peak of 198,554 employees at the beginning of the year there was a gradual reduction to a low of approximately 162,000, followed by an increase to a total of 168,841—the number on the payroll at the close of the year.

NET PROFIT PER DOLLAR OF TOTAL REVENUE



11.2 CENTS Average 1934-1941	3.9 CENTS Average 1942-1945	5.5 CENTS Year 1946	7.1 CENTS Year 1947	7.5 CENTS Year 1948	7.7 CENTS Year 1949

EARNINGS AND DIVIDENDS

The net profit earned by your Company during 1949 amounted to $125,639,000, or 1.5 per cent more than the previous record earnings of $123,835,000 for 1948.

Earnings during the second and third quarters of 1949 were relatively low, the operating margins in those periods having been affected adversely by the frequent adjustments of production schedules which were necessary in order to maintain a reasonable balance between output and the unstable market demands previously described.

On the other hand, earnings for the fourth quarter of 1949, which were equivalent to 46 per cent of the year's total, were abnormally high. This was due to the fact that both sales and profit margins were higher than in any other quarter of the year, and also to the fact that earnings for the final quarter reflected a number of unusual items as explained below.

First, operating income in the fourth quarter included approximately $10,000,000 which was applicable to certain highly special equipment actually shipped prior to September 30, 1949. These shipments were originally billed at prices which, under contract provisions, were subject to adjustment to compensate for additional costs such as those resulting from subsequent product improvements through design changes, etc. Since the final prices were not determined until November, it was necessary to include in income for the fourth quarter the amount of the adjustment applicable to all such shipments made through December 31, 1949.

Further, operating income in the final quarter necessarily reflected the annual adjustment of book inventories to equal the computed value of physical inventories taken during the latter months of the year. For 1949 this adjustment resulted in a reduction in costs, and thus an increase in operating income, of approximately $13,000,000.

And, finally, due principally to the receipt of year-end dividends from your Company's nonconsolidated affiliates, $8,800,000 of nonoperating income, or 44 per cent of the year's total, was received in the last quarter. In immediately preceding years, it will be recalled, several of these affiliates were unable to pay any dividends because of the need for working capital. The nonoperating income for the full year 1949, therefore, was approximately $1,300,000 greater than that for 1948, even though the 1948 income included a nonrecurring dividend of $6,525,310 received in connection with the liquidation of G.E. Employees Securities Corporation.

Of the net profit earned by your Company, 56.5 per cent was declared payable as cash dividends on the common stock in 1949 compared with 41.5 per cent in 1948. The dividends declared, which included a special dividend of 50 cents a share, totaled $2.50 a share in 1949 compared with $1.80 a share declared in 1948. Dividend payments, each in the amount of 50 cents a share, were made on January 25, April 25, July 25 and October 25, or a total of $2.00 a share in 1949 compared with $1.70 a share paid in 1948.

WORKING CAPITAL

As shown by the Consolidated Balance Sheet on pages 16 and 17, your Company's financial position improved during the year under review.

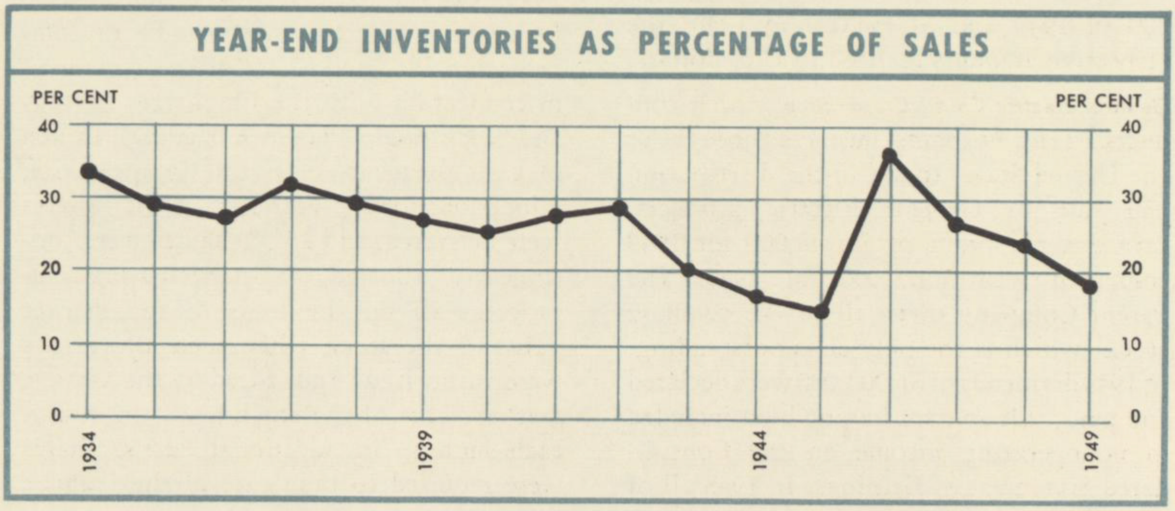
For example, the working capital at December 31, 1949, as represented by the excess of current assets over current liabilities, amounted to $393,484,000 compared with $381,888,000 a year earlier, an increase of $11,596,000 or approximately 3 per cent. This increase was accounted for by the following principal items:

Sources of working capital:		
Net earnings for the year	$125,639,000	
Depreciation of plant and equipment	47,499,000	$173,138,000
Disposition of working capital:		
Expenditures for plant and equipment	60,905,000	
Dividends on common stock	71,025,000	
Repayment of borrowings	32,550,000	
All other—net	*2,938,000*	161,542,000
Net increase in working capital during 1949		$ 11,596,000

A substantial portion of the Company's current assets at December 31, 1949, was in the form of cash and marketable securities which together amounted to $322,429,000, or $112,720,000 more than the corresponding total a year earlier.

Inventories of raw materials, partially completed products, and finished goods in warehouses or on consignment, also accounted for a substantial portion of total current assets. After verification and valuation on the basis described in Note 6 on page 18, these inventories were carried at $300,135,000 on December 31, 1949. This amount was $87,416,000, or 23 per cent, less than the record year-end total at the close of 1948.

Despite the fact that inventory values are affected by variations in labor and material costs and that sales figures reflect variations in product selling prices, the relationship of inventories to sales provides a general indication of the effectiveness with which working capital has been utilized—a low ratio being indicative of better performance than a high ratio. Accordingly, the year-end inventory values, expressed as percentages of sales, are shown for each of the past sixteen years in the accompanying chart. The net inventory value at December 31, 1949 was equivalent to 18.6 per cent of 1949 sales, and this compares with an average of 24.1 per cent for the fifteen preceding years.


YEAR-END INVENTORIES AS PERCENTAGE OF SALES

INVESTMENTS

The major portion of your Company's total investments consisted of its holdings of the capital stock of, and notes covering capital advances made to, its nonconsolidated affiliates—those subsidiary companies a majority of whose voting stock General Electric owns but whose accounts are not included in detail in the consolidated financial statements. Notes 1, 3, and 7 on page 18 of this Report show the details of such investments, explain how they were valued, and describe the manner in which the income they produced was recorded.

The 1949 operating results of the principal nonconsolidated affiliates are summarized below:

Canadian General Electric Company, Ltd., which manufactures and sells General Electric products in Canada, earned a net profit, expressed in Canadian dollars, of $4,506,000 for 1949 compared with $5,300,000 for 1948. The portion of these earnings available for dividends on the common stock outstanding, 95.4 per cent of which is owned by the Parent Company, was equivalent to $23.36 a share for 1949 and to $27.49 a share for 1948. Dividends declared on the common stock amounted to $12.00 a share in 1949 and to $8.00 a share in 1948. The dividends received by the Parent Company were included in nonoperating income on the Consolidated Statement of Earnings at $2,022,000 in 1949 and $1,434,000 in 1948, the respective amounts realized in U.S. dollars.

General Electric Credit Corporation, which conducts a sales financing business throughout the United States to aid in the distribution and sale of General Electric products, earned a net profit of $2,148,000 for 1949 compared with $918,000 for 1948. The Parent Company owns all of the common stock, which is the only class outstanding. In 1949 dividends of $1,000,000 were declared and paid, this amount having been included in nonoperating income on the Consolidated Statement of Earnings. In 1948 all of the Corporation's earnings were retained in the business. As of December 31, 1949 the Corporation's total borrowings amounted to $58,000,000, of which $48,000,000 was obtained from the Parent Company and $10,000,000 from outside sources—the latter evidenced by serial notes maturing in 1951 through 1954.

General Electric Supply Corporation, a wholesale distributor with branches in more than 100 cities throughout the United States, earned a net profit of $5,532,000 for 1949 compared with $7,187,000 for 1948. The Parent Company owns all of the common stock, which is the only class outstanding. In 1949 dividends of $4,400,000 were declared and paid, this amount having been included in nonoperating income on the Consolidated Statement of Earnings. In 1948 all of the Corporation's earnings were retained in the business. The Corporation's borrowings were reduced by $10,500,000 during the year under review to a total of $17,000,000, the entire amount having been obtained from the Parent Company.

Your Company's investment in **General Electric common stock** represented the cost of 308,510 shares which were held for corporate purposes at the close of 1949. There were 465,143 shares held at the close of 1948 and 156,633 shares were disposed of during 1949. Of the latter, 74,483 shares were utilized in connection with the Extra Compensation Plan and 82,150 shares were used in connection with the Employees Savings and Stock Bonus Plan (see page 20). In lieu of cash payments of Extra Compensation allocations for the year 1948, 57,506 shares were delivered, and 16,977 shares were contingently allotted, to participating employees—all on the basis of the market value of the stock when such allocations were authorized. And, based on the average market value of the stock as of the end of each month, an additional 82,150 shares were required to take care of the bonuses for the year 1949 which were contingently credited to participants under the Employees Savings and Stock Bonus Plan.

Investments in ***Miscellaneous securities*** consisted of General Electric's financial interest in various other companies, including its minority holdings of voting stock of such companies. The manner in which these Miscellaneous securities were valued is stated in Note 9 on page 18 of this Report.

PLANT AND EQUIPMENT

On pages 30 and 31 will be found a list of the plants and principal products of the Parent Company and its domestic manufacturing affiliates as of the close of 1949. These productive facilities, which consisted of 115 plants located in 88 cities and 22 states, contained approximately 49,000,000 square feet of floor space. At the beginning of the year 127 plants, containing some 48,000,000 square feet of floor space, were being utilized. The plants given up during 1949 consisted principally of small, leased facilities which initially had been acquired for war production purposes but which were dispensed with as soon as it became possible, through a more effective utilization of space, to transfer the production involved to plants owned by your Company.

Expenditures for plant and equipment during 1949 totaled $60,905,000 compared with $103,874,000 expended during 1948. The 1949 expenditures, for the most part, were for machinery, tools and other equipment, whereas in 1948 a relatively large proportion of the total was spent in connection with building construction projects which had been started in prior years.

The changes in the plant and equipment accounts during the past year are summarized in the following tabulation:

Cost of plant and equipment in use January 1, 1949	$595,494,000	
Cost of facilities added during 1949	60,905,000	
Deduct: Cost of facilities dismantled during 1949	*17,254,000*	
Cost of plant and equipment in use December 31, 1949		$639,145,000
Accumulated depreciation at January 1, 1949	336,175,000	
Depreciation charged against income during 1949	47,499,000	
Proceeds from sales, etc., during 1949	1,284,000	
Deduct: Cost of facilities dismantled during 1949	*17,254,000*	
Accumulated depreciation at December 31, 1949		367,704,000
Net book value of plant and equipment at December 31, 1949		$271,441,000

UNION RELATIONS

More than 85 collective bargaining agreements, involving nearly 170 bargaining units, were in force during the past year with the 57 labor unions which had been designated to represent the employees of the Parent Company and its domestic affiliated companies. The most important, in point of number of employees covered, was the Parent Company's contract with the United Electrical, Radio and Machine Workers of America (generally referred to as U.E.), a former affiliate of the C.I.O.

In June, the U.E. representatives presented demands for a fourth round "package" adjustment consisting of increased wages, fringe economic benefits, and a shorter work week, which would have cost $500 per year per worker. These demands were rejected by the Company on the grounds that a fourth round of increases in any form would raise costs and prices, reduce employment, and be contrary to the best interests of employees, customers, the owners of the business and the general public.

Negotiations with U.E. representatives were resumed in October, the union again presenting its original demands and the Company again rejecting them. At that time, however, the Company offered the union certain new and additional insurance, pension and vacation benefits, on a contributory basis, the cost of which to the Company, when considered together with the cost of existing pension and insurance benefits, would have been well in excess of the 10 cents per hour benchmark established by the Steel Fact Finding Board.

While the Company's offer was being considered by the union representatives, U.E. was expelled from the C.I.O. The C.I.O. then issued a charter of affiliation to the International Union of Electrical, Radio and Machine Workers (generally referred to as I.U.E.).

Shortly thereafter, I.U.E. demanded recognition rights from the Company, stating that it had been granted jurisdiction by the C.I.O. over the field formerly assigned to the U.E., and asserting that as members of the C.I.O., the employees formerly represented by U.E. would thereafter be represented by I.U.E. The Company informed the I.U.E. that, while maintaining a neutral attitude as between the contending unions, General Electric was required by law to continue dealing with U.E. as the certified representative, and that there were existing orderly N.L.R.B. procedures to determine representation issues such as the one raised by the claim of I.U.E.

The I.U.E. then filed a petition with the N.L.R.B. for elections to determine which union group the employees involved wished to have represent them.

Next, because it was advised by counsel that it was not legally free to consummate a modification or extension of the agreement with U.E., the Company suspended its October offer and, in an effort to contribute any possible further aid toward speeding up the settlement of the representation question, it also filed with the N.L.R.B. a petition for elections.

Finally, in accordance with the terms provided in the contract itself and in the hope that the representation situation would be resolved by that time, the Company notified U.E. that the contract was not being allowed to renew itself automatically but was being terminated on April 1, 1950.

In the meantime, the Company has expressed its readiness to negotiate with the duly authorized collective bargaining agent of the employees in question whenever it is notified by the N.L.R.B. as to who that agent is.

LITIGATION

In the Annual Report for 1948, the stockholders were informed that on January 19, 1949, the Federal District Court of New Jersey had handed down a decision against the Parent Company, International General Electric Company, Inc., and seven other defendants in a civil antitrust action, which had been instituted in 1941, involving the incandescent lamp industry.

Since no judgment had been entered in the case at the time this Report was prepared, the final effects of the decision are still unknown. However, a full report will be made to the stockholders as soon as possible after the necessary information becomes available.

STOCKHOLDERS' MEETINGS

It will be recalled that in 1948, in an attempt to have as many stockholders as possible become better acquainted with General Electric's problems, accomplishments and objectives, your management scheduled a series of forty regional meetings throughout the country which were attended by approximately 14,000 stockholders and their guests.

Last year, in a further attempt to stimulate greater interest on the part of stockholders, a special all-day program was arranged for the Annual Meeting at Schenectady on April 19. In the morning the stockholders inspected the new Research Laboratory at the Knolls, outside Schenectady, and then attended the Annual Meeting itself which was held in the new $30,000,000 turbine building at the Schenectady plant. Following luncheon and an exhibit of the Company's products, the stockholders visited the balance of the 20-acre turbine facilities and were shown the operations being performed there. More than 1200 stockholders from 23 states, by far the largest number ever assembled together, were in attendance.

These meetings were so successful, and were productive of such favorable comment, that the management intends to arrange for similar gatherings of the stockholders from time to time in the future.

BUSINESS OUTLOOK

If no major change takes place in basic economic conditions within the next nine months, it appears likely that 1950 will be another year of good business for the electrical manufacturing industry, in which event your Company's sales volume should be about the same as it was in 1949.

And as far as long-term trends are concerned, your management remains confident that there will be a continuing growth in the use of electricity and of electrical products in spite of any temporary setbacks which may occur.

* * * * * * * * * * * *

Respectfully submitted for the Board of Directors.

C E Wilson

PRESIDENT

General Electric Company

CHANGES IN EXECUTIVE ORGANIZATION

Pursuant to the by-laws and by action of the Board of Directors, the authorized number of Directors was increased from seventeen to eighteen and subsequently reduced to sixteen during 1949.

Edward R. Stettinius, Jr., a Director of the Company since 1946, died on October 31, 1949. The following tribute to Mr. Stettinius was recorded in the minutes of the meeting of the Board held on November 18, 1949:

> *"When Edward R. Stettinius, Jr., was elected to this Board in 1946, he was welcomed not only because of his great ability and outstanding record of accomplishment in industry and world affairs, but also because of the fact that his father had been a distinguished member of the Board of this Company from 1921 through 1925.*
>
> *"He showed in discussing the many problems coming before the Board the same courage and breadth of vision that he had shown in other phases of his career. His genuine interest in the operations and progress of the Company was always in evidence, and this was particularly so in the foreign field.*
>
> *"The members of this Board desire to record their admiration for his character, personality and attainments, and their affection for him as a friend."*

John Cowles, President of the Minneapolis Star and Tribune Company, resigned as a Director on March 25, 1949, after having served in that capacity since 1945.

Alexander C. Nagle, President of the First National Bank of the City of New York, resigned as a Director on March 25, 1949, after having served in that capacity since 1945.

John Holmes, President of Swift and Company, was elected a Director on February 25, 1949.

Ralph J. Cordiner, formerly Vice President—Assistant to the President, was elected Executive Vice President and a Director of the Company on April 21, 1949.

Zay Jeffries, Vice President since 1945, retired as of December 31, 1949, at his own request and after more than thirty-five years of service, under the provisions of the Company Pension Plan.

Martin L. Sloan, Vice President since 1945, retired as of December 31, 1949, at his own request and after more than thirty-nine years of service, under the provisions of the Company Pension Plan.

Fred F. Harroff, General Manager of the Lamp Department, was elected a Vice President on December 16, 1949, effective January 1, 1950.

General Electric Company
DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

CHARLES F. ADAMS
S. SLOAN COLT
RALPH J. CORDINER
DONALD K. DAVID
CHARLES D. DICKEY
G. PEABODY GARDNER
FRANCIS L. HIGGINSON
JOHN HOLMES
GEORGE H. LOVE*
NEIL H. MC ELROY*
GEORGE G. MONTGOMERY
HENRY S. MORGAN
PHILIP D. REED
ROBERT T. STEVENS
SIDNEY J. WEINBERG
LEWIS B. WILLIAMS
CHARLES E. WILSON
ROBERT W. WOODRUFF

**Elected January 27, 1950*

OFFICERS

CHARLES E. WILSON..................*President*
PHILIP D. REED..........*Chairman of the Board*
RALPH J. CORDINER..........*Executive Vice President*

Vice Presidents

HARDAGE L. ANDREWS
WALTER R. G. BAKER
LEMUEL R. BOULWARE
HENRY V. ERBEN
HARRY L. ERLICHER
FRED F. HARROFF
ROY W. JOHNSON
CHESTER H. LANG
RAY H. LUEBBE
ROBERT S. PEARE
EDWIN E. POTTER
DAVID C. PRINCE
GEORGE R. PROUT
RAYMOND R. RAUSCH
HAROLD F. SMIDDY
C. GUY SUITS
CLARENCE C. WALKER
HARRY A. WINNE

Comptroller
DONALD L. MILLHAM

Treasurer
JOHN D. LOCKTON

Secretary
WILLIAM W. TRENCH

Commercial Vice Presidents

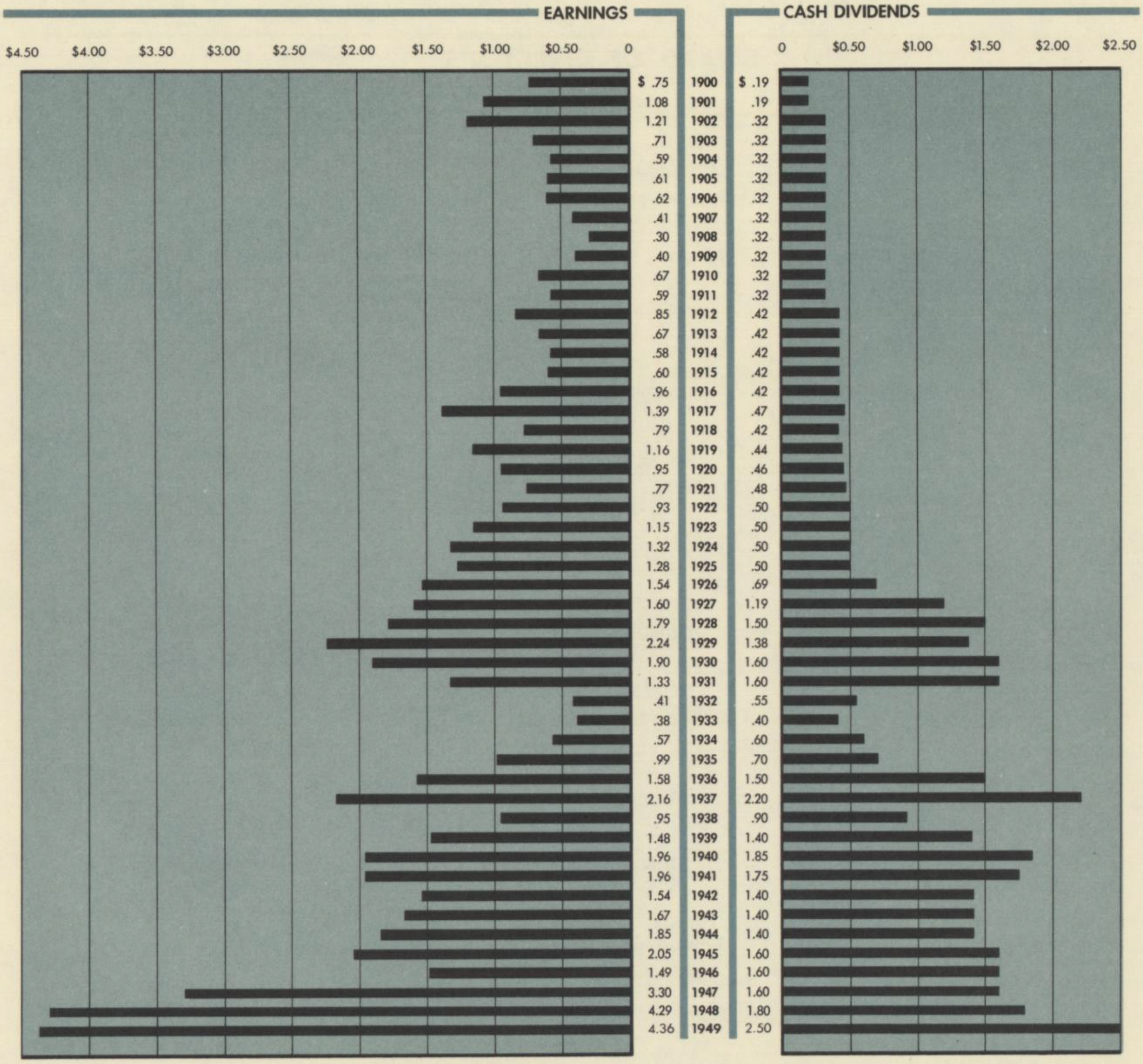
THEOPHILUS F. BARTON..............*New York*
LEONARD T. BLAISDELL...............*Cleveland*
WILLIAM B. CLAYTON..................*Dallas*
RALPH M. DARRIN.......................*Boston*
ORVILLE F. HAAS..................*Philadelphia*
CLAUDE J. HENDON......................*Atlanta*
WILLIAM H. MILTON, JR........*Washington, D. C.*
ROSS I. PARKER..........................*Chicago*
RAY W. TURNBULL..................*San Francisco*

HONORARY OFFICERS

GERARD SWOPE..........*Honorary President*
OWEN D. YOUNG.........*Honorary Chairman*
WILLIS R. WHITNEY...........*Honorary Vice President*

General Electric Company

EARNINGS AND DIVIDENDS



NOTE 1:—This is a fifty-year record of the earnings and cash dividends per share of present common stock. Adjustments have been made for common stock dividends distributed prior to 1922 (see note 2) and for two increases in the number of shares (four shares for one in each case), the first in May 1926 and the second in January 1930. The earnings shown represent earnings of the Parent Company through 1933 and earnings of the Parent Company and consolidated affiliates thereafter, on the basis of the average number of shares issued. The dividends shown represent cash dividends declared. For dividends distributed in stock, see note 2. The amounts shown for 1909 cover the eleven months ended December 31, as of which date a change was made from a fiscal to a calendar year basis of reporting.

NOTE 2:—In addition to cash dividends, the following dividends have been distributed in stock: 1902—66⅔% in common stock, to restore a 40% reduction made in 1898; 1912—30% in common stock; 1917—2% in common stock; 1918-1921 inclusive—4% annually in common stock; 1922-1925 inclusive—5% annually in special* stock; 1924—one share of Electric Bond and Share Securities Corporation stock; 1926—one dollar in special* stock; 1932—1/6 share of Radio Corporation of America common stock.

***Special stock, par value $10 a share, paying 6% annual dividend. Retired in 1935 at $11 a share and accrued dividend.**

General Electric Company

CONSOLIDATED STATEMENT OF EARNINGS

CURRENT EARNINGS

	YEAR ENDED DECEMBER 31			
	1949		1948	
Sales of products and services to customers		$1,613,563,611		$1,632,700,606
Deduct: Depreciation of plant and equipment	$ 47,499,188		$ 38,273,383	
All other operating costs, expenses and charges	1,377,717,908		1,390,285,951	
Total operating costs, expenses and charges (Note 2)		1,425,217,096		1,428,559,334
Income from operations		188,346,515		204,141,272
Add: Dividends and interest from nonconsolidated affiliates	11,181,924		11,616,756	
Other sundry revenue	9,012,234		7,241,080	
Total non-operating income		20,194,158		18,857,836
Total income from operations and other sources		208,540,673		222,999,108
Deduct: Interest and other financial charges		4,901,622		5,281,192
Earnings before provision for Federal taxes on income		203,639,051		217,717,916
Deduct: Provision for Federal taxes on income		78,000,000		93,700,000
Earnings after all charges		125,639,051		124,017,916
Deduct: Minority interest in earnings		—		182,600
Net earnings		$ 125,639,051		$ 123,835,316

REINVESTED EARNINGS

	1949		1948	
Reinvested earnings at beginning of period	$363,716,280		$ 219,231,612	
Add: Net earnings for year	125,639,051		123,835,316	
Net undistributed earnings of nonconsolidated affiliates (Note 3)	3,087,717		2,759,905	
Transfers from other accounts (Note 4)	—		69,275,848	
	492,443,048		415,102,681	
Deduct: Dividends declared on common stock	71,025,124		51,386,401	
Reinvested earnings at end of period		$421,417,924		$ 363,716,280

The accompanying notes, which include a description of the basis of consolidation, constitute an integral part of this statement.

General Elec

CONSOLIDATED

ASSETS

	DECEMBER 31, 1949		DECEMBER 31, 1948	
Current assets:				
Cash	$ 58,281,929		$ 69,826,569	
Marketable securities (Note 5)	264,146,955		139,881,819	
Receivables—after reserves:				
Customers	121,665,505		141,336,901	
Nonconsolidated affiliates	48,888,874		54,644,736	
Others	14,613,370		16,984,531	
Inventories—after reserves (Note 6)	300,134,816		387,550,661	
	807,731,449		810,225,217	
Deduct: Progress collections on contracts	*107,381,017*		*106,076,153*	
Price adjustments accrued	*19,247,202*		*9,074,408*	
Total current assets		$681,103,230		$ 695,074,656
Investments:				
Nonconsolidated affiliates (Note 7)	136,848,194		118,434,276	
General Electric common stock (Note 8)	9,544,099		14,389,711	
Miscellaneous securities—after reserve (Note 9)	13,271,479		16,704,655	
Total investments		159,663,772		149,528,642
Plant and equipment:				
Cost	639,145,264		595,494,584	
Deduct: Accumulated depreciation	*367,704,344*		*336,175,211*	
Plant and equipment—net		271,440,920		259,319,373
Assets of special funds:				
Fund for payments under U. S. Government contracts	15,564,536		35,007,616	
Employee benefit plans and taxes withheld	25,636,534		22,642,847	
Total assets of special funds—per contra		41,201,070		57,650,463
Other assets:				
Receivables not current—after reserves	12,631,343		10,771,706	
Marketable securities deposited as guarantees (Note 5)	3,503,601		3,167,462	
Miscellaneous assets—after reserves	1,734,983		1,879,243	
Patents and other intangible assets	1		1	
Total other assets		17,869,928		15,818,412
Total assets		$1,171,278,920		$1,177,391,546

The accompanying notes, which include a description of the bas

tric Company

BALANCE SHEET

LIABILITIES AND CAPITAL

	DECEMBER 31, 1949		DECEMBER 31, 1948	
Current liabilities:				
Accounts payable	$ 55,823,006		$ 62,339,993	
Due to nonconsolidated affiliates	3,296,642		2,821,956	
Dividends payable	28,425,992		14,173,140	
Accrued liabilities:				
Federal, state and local taxes	127,472,262		156,920,207	
Other costs and expenses (Note 10)	72,601,298		76,931,706	
Total current liabilities		$287,619,200		$ 313,187,002
Notes payable (Note 11)		144,500,000		177,050,000
Accounts payable and accruals—not current		15,356,927		12,526,153
Liabilities for special funds:				
Fund for payments under U. S. Government contracts	15,564,536		35,007,616	
Employee benefit plans and taxes withheld (Note 12)	25,636,534		22,642,847	
Total liabilities for special funds—per contra		41,201,070		57,650,463
Deferred income		1,410,418		1,538,367
Minority interest		—		142,638
Miscellaneous reserves		64,161,824		57,521,285
Stockholders' investment:				
Common stock—stated value of no par value shares (authorized 35,000,000 shares; issued 28,845,927 shares)	180,287,046		180,287,046	
Investment in excess of stated value of common stock (Note 13)	15,324,511		13,772,312	
Reinvested earnings	421,417,924		363,716,280	
Total stockholders' investment (Note 14)		617,029,481		557,775,638
Total liabilities and capital		$1,171,278,920		$1,177,391,546

s of consolidation, constitute an integral part of this statement.

General Electric Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Note 1—**Basis of Consolidation.*** These financial statements represent a consolidation of the accounts of the Parent Company—General Electric—and those of the following affiliated companies 100% of whose voting stock was owned, directly or indirectly, by the Parent Company: Carboloy Company, Inc.; General Electric Realty Corporation; General Electric X-Ray Corporation; General Electric Medical Products Company; Hotpoint Inc.; International General Electric Company, Inc.; Locke Incorporated; The Mahoning Valley Steel Company; The Maqua Company; Monowatt Incorporated; Precision Laboratories, Inc.; The Trumbull Electric Manufacturing Company; and Telechron Inc. (Hereafter referred to as the Consolidated Group.)

The accounts of other affiliated companies a majority of whose voting stock was owned, directly or indirectly, by the Parent Company, were not consolidated because their businesses either did not involve manufacturing or were conducted outside the continental United States. (Hereafter referred to as Nonconsolidated Affiliates.)

The financial interests of the Consolidated Group in the Nonconsolidated Affiliates were carried on the accompanying Balance Sheet as Investments, on the valuation basis described in Note 7.

The net earnings of the Consolidated Group reflected (a) the inclusion of amounts received as dividends from, rather than the equity in the net earnings of, the Nonconsolidated Affiliates; (b) the elimination of unrealized intercompany inventory profits; and (c) the application of safety factor discounts to foreign currency asset values.

Note 2. Operating costs, expenses and charges excluded those applicable to Nucleonics projects operated for the U.S. Government.

Note 3. These undistributed earnings represented the differences between the equity of the Consolidated Group in the net earnings or losses of, and the dividends from, the Nonconsolidated Affiliates for each respective year.

Note 4. Those portions of the balances in certain reserve accounts which were no longer required were transferred to Reinvested earnings as of December 31, 1948.

Note 5. Marketable securities, which consisted of issues of the U.S. Government and its agencies and of high grade short term commercial paper, were carried at the lower of amortized cost or market values, on the basis of individual issues. On December 31, 1949, the aggregate quoted market values of the securities held were as follows: Securities in portfolio—$264,212,000; Securities deposited as guarantees—$3,601,000.

Note 6. Inventories were verified by physical count during the latter part of the year. They were carried, in accordance with long established practice, at the lower of cost (exclusive of certain indirect manufacturing expenses) or market values of individual items or groups of items on a "first-in, first-out" basis, less reserves which (a) make provision for possible losses on inactive and excess stocks; (b) have the effect of accounting for the inventory of copper substantially in accordance with the base stock principle; and (c) eliminate unrealized intercompany profits.

Note 7. Investments in Nonconsolidated Affiliates consisted of:

	Dec. 31, 1949	Dec. 31, 1948
Canadian General Electric Company, Ltd.	$ 25,221,270	$ 27,295,548
General Electric Credit Corporation	59,886,343	41,237,974
General Electric Supply Corporation	34,561,571	34,649,313
All other	17,179,010	15,251,441
	$136,848,194	$118,434,276

These carrying values represented the sum of the Consolidated Group's outstanding capital advances to, and equity in the net worth of, each Nonconsolidated Affiliate as of the close of the year. The net worth of each Nonconsolidated Affiliate was determined on the same accounting basis as was employed by the Consolidated Group, and thus it reflected (a) the elimination of unrealized intercompany inventory profits and (b) the application of safety factor discounts to foreign currency asset values.

Note 8. General Electric common stock in the portfolio was held for corporate purposes and was carried at its cost. There were 308,510 shares held on December 31, 1949, the aggregate quoted market value of which was $12,996,000.

Note 9. Miscellaneous securities (except for certain foreign investments, principally in Germany and Japan, which were written off some years ago) were valued at cost less a reserve of $15,000,000 to provide for possible losses. On December 31, 1949, the aggregate estimated market or fair value of the portfolio of the Consolidated Group was $35,177,000. In 1949, profits realized on sales of Miscellaneous securities were included in net earnings; in 1948, such profits were added to the General Reserve, which Reserve was transferred to Reinvested earnings as of the end of that year.

Note 10. Other costs and expenses included liabilities for payrolls, payments to the General Electric Pension Trust, replacement guarantees, etc.

Note 11. Notes payable on December 31, 1949, consisted of $142,500,000 of notes issued by the Parent Company and $2,000,000 of notes issued by the General Electric Realty Corporation. The Parent Company's indebtedness consisted of twenty-year 2.55% notes, issued December 2, 1946, subject to the following provisions: (a) optional prepayment, at no premium, of $7,500,000 annually on June 1; (b) optional prepayment of additional amounts, at any time, subject to a premium which decreases as the notes approach maturity, and (c) compulsory repayment of $3,000,000 annually beginning December 1, 1953.

In addition to borrowings by the Consolidated Group, General Electric Credit Corporation, a nonconsolidated affiliate, had borrowed $10,000,000 from outside sources as of December 31, 1949.

Note 12. These amounts included the contingent liability to certain participants in the Extra Compensation Plan, under the amendment to that Plan which was approved by the stockholders in 1948.

Note 13. Profits realized on treasury stock disposed of and premiums received on original sales of common stock.

Note 14. In addition to the common stock there have been authorized, but not issued, 1,207,036 shares of $10.00 par value 6% cumulative special stock.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
Seventy Pine Street
New York 5, N. Y.

To the Stockholders and the Board of Directors of
General Electric Company, Schenectady, N. Y.

We have examined the consolidated balance sheet of General Electric Company and affiliates as of December 31, 1949 and the related statement of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statement of earnings present fairly the financial position of General Electric Company and affiliates at December 31, 1949 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles. Apart from the change in policy, which we approve, whereby profits realized on sales of miscellaneous securities are included in net earnings instead of, as previously, being added to the General Reserve (transferred to reinvested earnings at December 31, 1948), such principles were applied on a basis consistent with the preceding year.

Peat, Marwick, Mitchell & Co.

New York 5, N. Y.,
February 22, 1950.

General Electric Company

EMPLOYEE BENEFIT PLAN STATISTICS

General Electric has pioneered in the field of social benefits for employees, as indicated by the following statistics which apply to Plans currently in effect for the Parent Company and all participating affiliates.

Extra Compensation Plan (Formalized in 1923)

Amount accrued for 1949	$ 6,829,000

Of this amount such portion as may be determined will be allocated to eligible employees of the Parent Company and its consolidated affiliates in 1950. The amount accrued for 1948 was $6,763,000 of which $6,189,000 was allocated in 1949.

Life Insurance Plan (Established in 1920)

Amount in force—paid for by the Company	$141,476,000
Amount in force—paid for by employees	$502,060,000
Total life insurance in force December 31, 1949	$643,536,000
Number of employees insured December 31, 1949	147,611
Benefits paid—year 1949	$ 3,603,000
Benefits paid—30 years ended December 31, 1949	$ 37,812,000
Number of beneficiaries—30 years ended December 31, 1949	15,318

Savings Plans

Employees Savings and Stock Bonus Plan (Inaugurated October 1, 1948. Provides for payment of a 15 per cent bonus, in General Electric common stock, on the cost—up to a maximum of $30,000,000 a year—of U.S. Savings Bonds, Series E, purchased by eligible employees by means of payroll deductions and left on deposit with the Company for five years.)

Cost of Bonds purchased since October 1, 1948 and on deposit December 31, 1949	$ 25,921,000

The bonus contingently credited to participants as of December 31, 1949 was represented by 102,326 shares of General Electric common stock held by, or for delivery to, the Trustees of G.E. Employees Stock Bonus Trust.

Number of employees participating December 31, 1949	64,920
Annual rate of cost of Bonds being purchased December 31, 1949	$ 21,633,000

U.S. Savings Bond Plan (Established in 1941. Permits purchase of U.S. Savings Bonds by employees by means of payroll deductions or for cash, either apart from, or in addition to, Bonds purchased under the Employees Savings and Stock Bonus Plan.)

Cost of Bonds purchased May 1, 1941 to December 31, 1949	$260,229,000
Annual rate of cost of Bonds being purchased December 31, 1949	$ 5,051,000

Suggestion Plan (Formalized in 1922; awards made since 1906)

Awards for employees' suggestions—year 1949	$ 315,000
Awards for employees' suggestions—27 years ended December 31, 1949	$ 2,843,000

Relief and Loan Plans (Established in 1936)

Assets of Relief and Loan Associations December 31, 1949 (Funds provided equally by the Company and by employees)	$ 3,012,000
Loans granted—14 years ended December 31, 1949 (97 per cent repaid)	$ 6,488,000
Relief payments—14 years ended December 31, 1949	$ 282,000

Company Pension Plan (Established in 1912. Provides old age pensions, disability pensions and payments upon death under certain conditions. Employees have a vested right to pensions upon compliance with certain conditions as to age and service. Pensions are divided into two parts (1) past service annuities—paid for entirely by the Company—for all employees who had one or more years of continuous service on September 1, 1946, and (2) future service annuities—paid for jointly by the Company and employees—applicable to service after September 1, 1946 for all employees who elect to participate.)

Assets of the General Electric Pension Trust December 31, 1949 (a)	$223,018,000
Pensions paid—year 1949	$ 7,659,000
Pensions paid—38 years ended December 31, 1949	$ 66,543,000
Number on pension rolls December 31, 1949	11,462
Average age of pensioners December 31, 1949	68.4 years
Average continuous service of pensioners to date of retirement	25.3 years
Average annual rate of pension at December 31, 1949 (excluding Social Security benefits) for employees who retired after 25 or more years' continuous service	$ 958

(a) These assets consisted principally of U.S. Government and other high grade securities. The total amount payable to the Trust for the year 1949 was $49,281,000 ($37,400,000 by the Company and $11,881,000 by employees) of which $24,097,000 was paid prior to December 31, 1949 and the balance prior to February 28, 1950.

Note: Under an Additional Pension Plan, established in 1928 to promote savings by employees for supplemental pension purposes and terminated as of September 1, 1946 except as to amounts accumulated on that date, 20,934 employees had $18,983,000 on deposit with the Trustees as of December 31, 1949.

Pensioners Hospitalization Plan (Established in 1948. Provides free hospitalization benefits, within specified limitations, for eligible pensioners of the Company.)

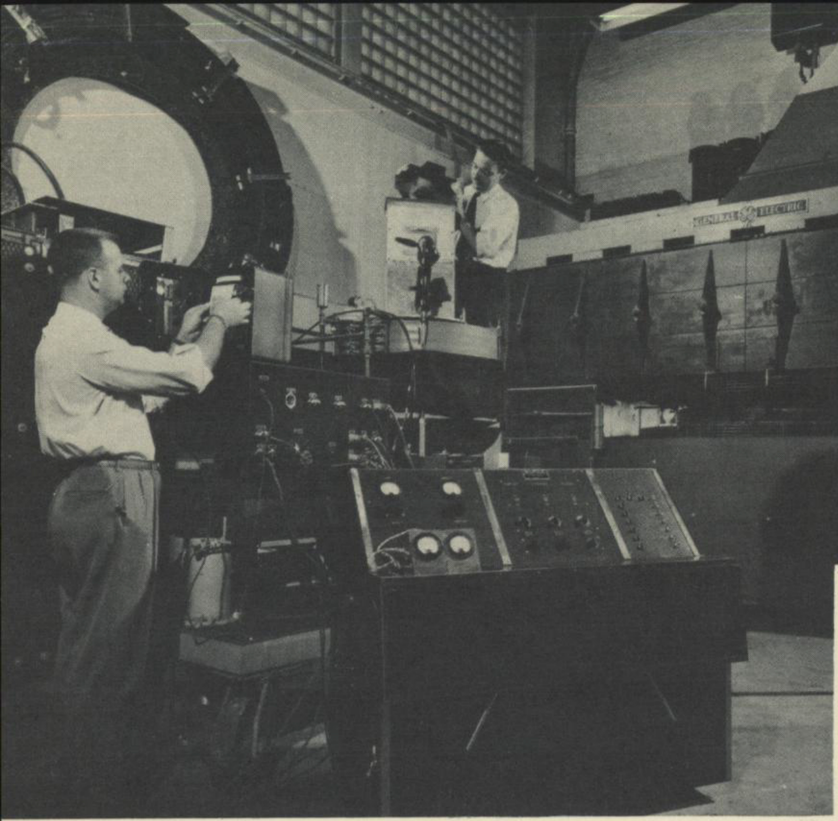
Assets of G.E. Pensioners Hospitalization Trust December 31, 1949	$ 5,899,000

These assets consisted principally of U.S. Government securities, and the funds were made available upon dissolution of G.E. Employees Securities Corporation by actions of its Board and the Board of the Parent Company.

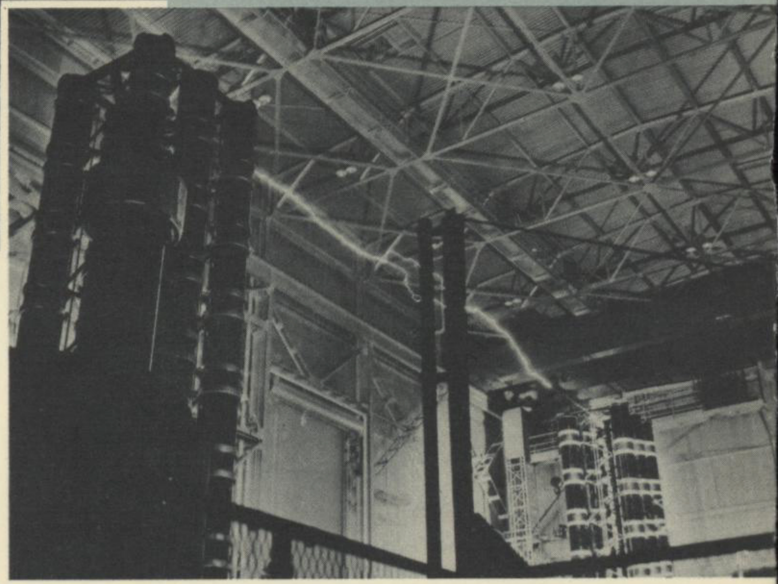
General Electric Educational Fund (Established in 1945, in honor of Charles A. Coffin and Gerard Swope, the Fund consists of the Charles A. Coffin Foundation, created in 1922, the Gerard Swope Foundation, and the G.E. Employees Education Foundation. Income of the Fund provides educational loans, fellowships, and scholarships for employees and others.)

Assets of the General Electric Educational Fund December 31, 1949	$ 1,022,000
Amount of grants—27 years ended December 31, 1949	$ 268,000
Number of grants (to 425 individuals)	624

Other Employee Benefits include vacation and military duty allowances, payments for observed holidays, educational courses, and, in special circumstances, loans for purchase of homes. Through Mutual Benefit Associations (established in 1902) and through Group Disability Insurance Plans (established in 1939) employees and their families may receive disability, hospitalization, surgical and death benefits for sickness and accident cases not covered by Workmen's Compensation Laws; in general, the cost of benefits paid under these plans is borne by employees, and the cost of their administration is borne by the Company.



A new radiation laboratory at the Knolls will provide enlarged facilities for such complex tools of the nuclear scientist as those shown here with the 100,000,000 electron volt betatron.



A 15,000,000-volt lightning bolt, the most powerful ever produced by man, bridges a gap of 50 feet between two impulse generators in the new High Voltage Laboratory at Pittsfield.

Yearbook

NEW products introduced each year tell only part of the story of the Company's progress. Equally significant are the developments at each of the several stages which begin with the discovery of a new scientific fact and lead finally to the broad distribution of a generally accepted product. A complete Yearbook would tell of the progress in fundamental research, engineering and application, development and field testing, new product planning, design, marketing, manufacturing, distribution, sales and advertising. Only a few highlights to suggest significant trends can be covered.

The long-range program of product development is founded on research and engineering and facilities for both were further improved in 1949. Exterior work on the additional north wing of the new Research Laboratory was largely completed. On an adjoining site, the Knolls Atomic Power Laboratory, which the Company will operate for the Government, also neared completion and was partially occupied. This laboratory is designing the first nuclear reactor power plant which is about to start building in Saratoga County, north of Schenectady.

Among the many fields of research in which significant progress was made were: the study of metals, promising continuing improvements in steam and gas turbines, jet engines, and nuclear energy plants; weather research, a project which has already yielded spectacular results in the artificial stimulation of snow and rainfall; the design of multi-million-volt synchrotrons, having applications in both medical x-ray work and nuclear studies.

A new High Voltage Laboratory which was opened in Pittsfield in 1949 dramatically illustrates the Company's continuing emphasis on engineering. This new laboratory provides unexcelled equipment for design and performance studies of large transformers, lightning arresters, capacitors, and bushings. Improved laboratory facilities now under way for meters and instruments in West Lynn and for high-power switchgear testing in Philadelphia will further enhance General Electric engineering leadership in the design of equipment for electric power generation and distribution.

The achievements of the electric power companies in 1949 in producing more abundantly and more economically underscore the importance of our engineering progress in this field. During the first half of the year, these companies produced 2.3 per cent more power than in the same period of 1948, and in doing so, burned 3.2 per cent less fuel. As new generator units replace the older ones, improvements in average fuel consumption will continue.

Our production records have helped reduce the huge postwar backlog of orders for this type of equipment, but the future growth of the electric power industry is expected to provide continued heavy demands. In 1949 the turbine division accomplished the twin task of maintaining production at the unprecedented rate of 1948, while at the same time moving from the old factory into the new 20-acre building at Schenectady.

Power transformer production at Pittsfield, Mass., in 1949 was the largest in the plant's history, and new testing facilities will permit even greater production in the future.

In 1949 many of the Apparatus Department products—in the industrial, transportation, and public utility fields—reached a promising stage of development.

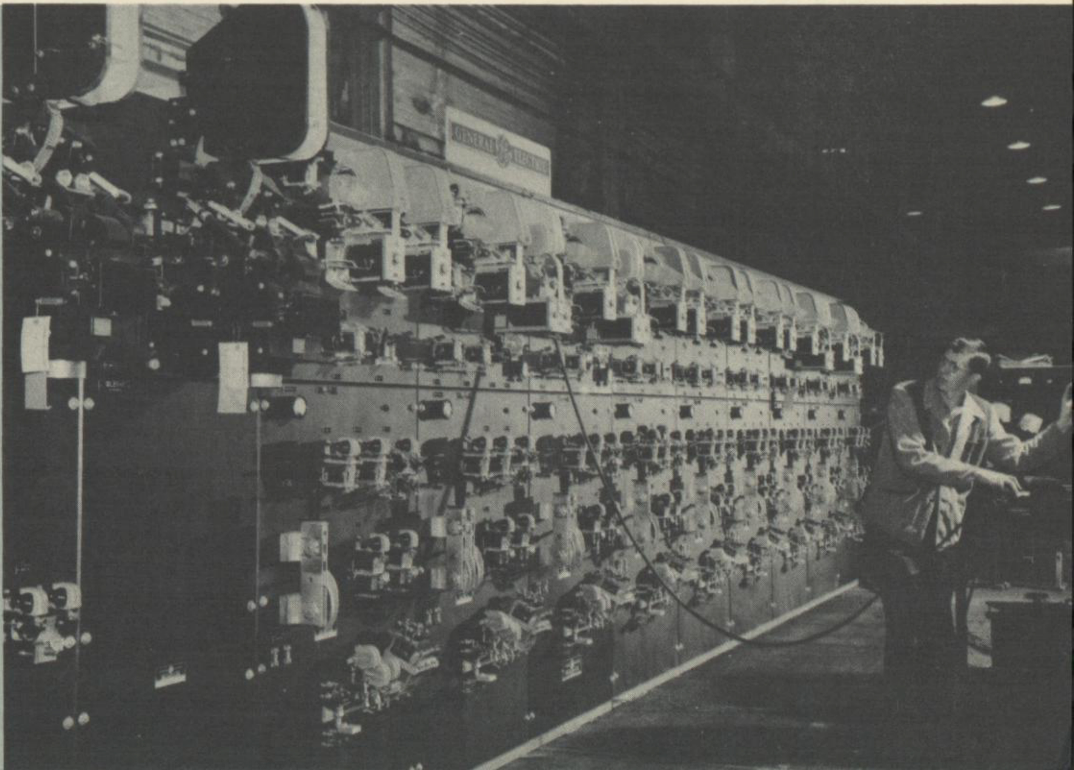
Good operating results were obtained from the first installation of a gas turbine for electric power generation. This 3500-kilowatt unit, burning natural gas, was put in operation by the Oklahoma Gas and Electric Co. in July. Five additional gas turbine generators are on order for public utilities in the Southwest and in New England.

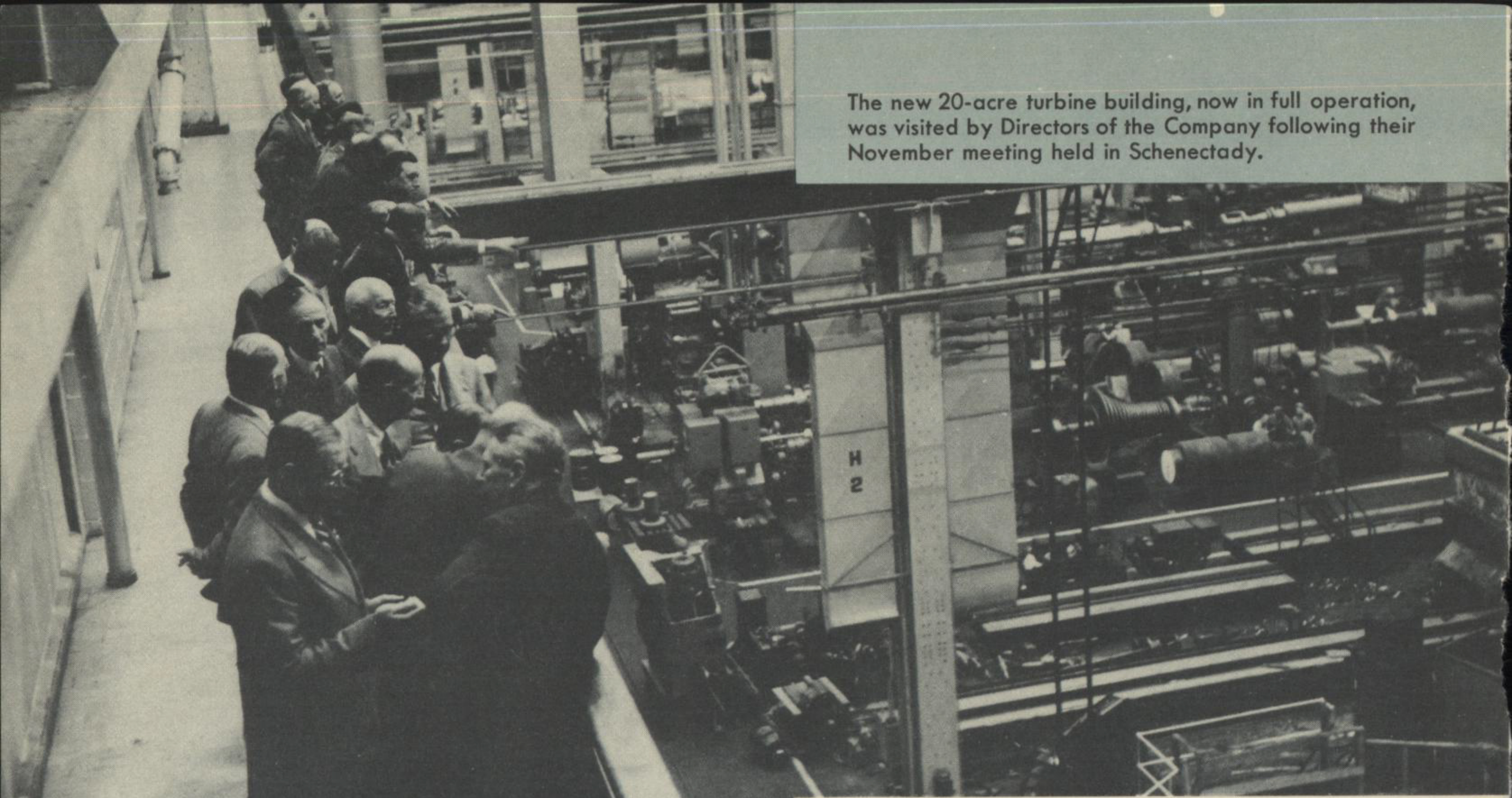
The gas turbine also scored an important first in the transportation field in 1949 when the Union Pacific began operating tests in regular freight train service of the 4500-horsepower Alco-GE gas-turbine locomotive. It is too early to make firm predictions about the future of the locomotive, but the prospects appear bright. In the meantime, General Electric is actively participating in the continued overwhelming trend towards dieselization by the railroads. By its economies, the diesel-electric locomotive is proving it can pay for itself in from 5 to 10 years.

The gas turbine has already established itself in aviation with the use of jet engines in most of the new types of military planes.

ENGINEERING TRAINING

The improvement of facilities has been accompanied by corresponding growth in the program for recruiting and training talented engineers—a program which is as old as the Company itself. Each year, graduates of leading engineering schools are enrolled in the Test Course, which combines advanced classroom work with a year or more of training in the factory. More than 20,000 engineers have graduated from the course and found their careers in manufacturing and commercial jobs, as well as in engineering and scientific work.





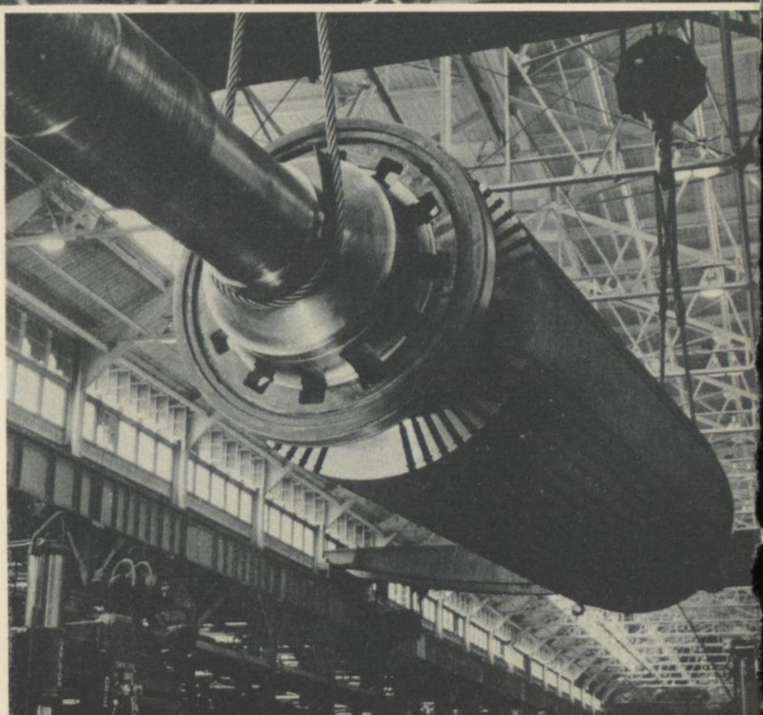
The new 20-acre turbine building, now in full operation, was visited by Directors of the Company following their November meeting held in Schenectady.

Driven by six General Electric J-35 jets, a Boeing XB-47 Stratojet bomber set a new coast-to-coast speed record of three hours and 46 minutes. The flight averaged about 607 miles per hour. General Electric's newest turbojet engine, the J-47, will increase the total power of the Stratojet by 25 per cent.

Coming into full operation during the year, the new jet engine plant at Lockland, O., did substantially better than the output originally planned. This plant supplements aircraft gas turbine facilities at West Lynn, Mass.

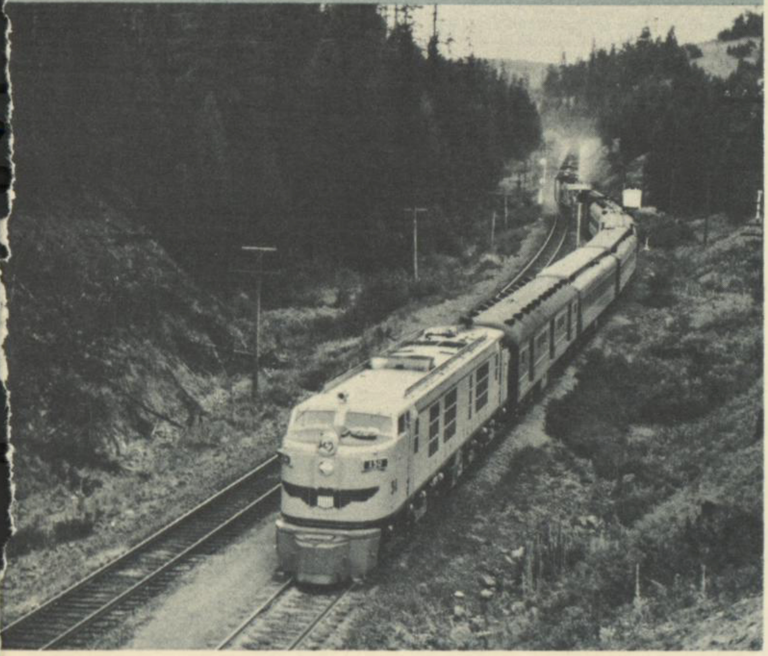
In marine transportation, 13 tankers were equipped with G-E propulsion turbines or gears, and 11 were equipped with auxiliary power equipment. Significant in urban transportation was the installation of trolley coaches in many places where no overhead facilities existed before.

The growing opportunity for industrial applications of motors, generators, and controls is evident from the list of industries in which important installations were made during the year. These include steel and other metals, all types of mining, coal handling, lumber,



The manufacture of turbines and generators calls for precision in huge dimensions. Here a crane hoists a 100-ton generator shaft which has been machined to an accuracy of 1/1000th of an inch.

The first gas-turbine locomotive, placed in regular operation by the Union Pacific in 1949, is shown hauling a freight train upgrade near Kamela, Oregon.



paper, textiles, printing, and machine tools. Continuing progress towards better production is foreshadowed by improvements made during the year in meters and instruments, electronic controls, industrial heating, and welding.

Appliances

Some of the more recently developed electrical products for better living in the home are reaching the stage of broad public demand. In 1949 there were encouraging evidences that the years of engineering development and sales pioneering were well spent on such products as automatic dishwashers, Disposall kitchen-waste units, and automatic blankets. One of the sincerest tributes paid a number of the home appliances pioneered by General Electric is the arrival of additional competitors in several lines each year.

More builders in 1949 were equipping low-priced houses with all-electric kitchens, including refrigerator, dishwasher, range, Disposall unit, and automatic washing machine. Other builders are offering homes in the $10,000 bracket with all General Electric kitchen appliances, complete electric laundry, and a G-E heating system.

A number of cities have expressed interest in the program of Jasper, Ind., a town of about 6800 population, which plans to install Disposall kitchen-waste units for all of its 1400 homes. By eliminating garbage collections, the city expects to improve health standards and save money at the same time.

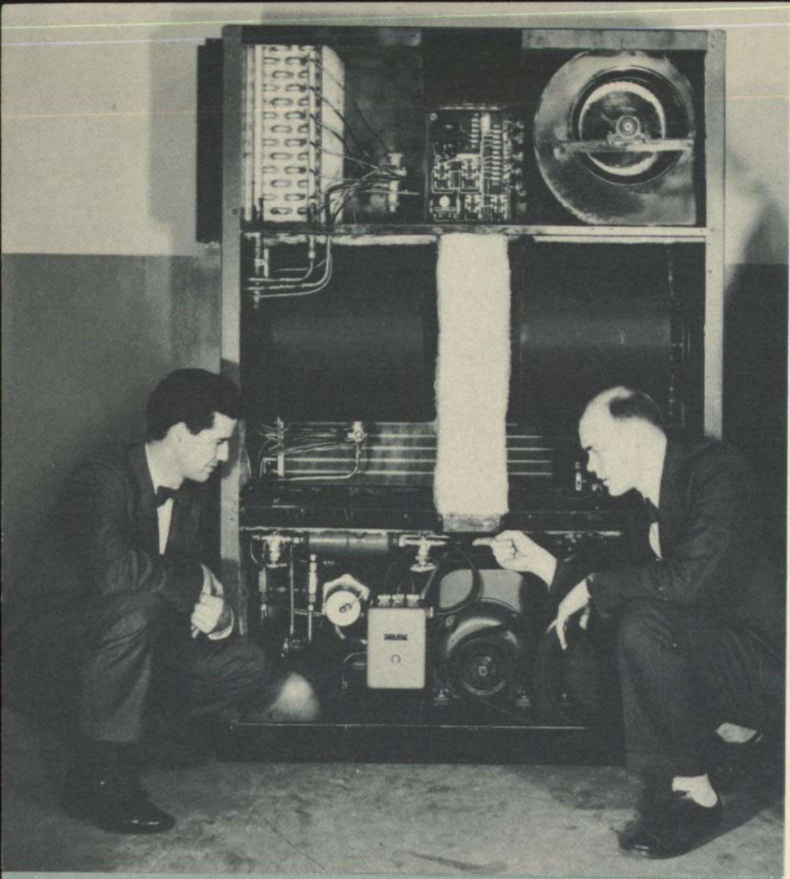
New products introduced in 1949 included a portable dishwasher. It is lower in price than the plumbed-in dishwasher and also eliminates installation costs, making it especially desirable for those who live in rented homes.

Air Conditioning

The ideal of a comfortable and healthful indoor climate the year 'round for more and more people is brought closer to practical realization each year by the continuing contributions of research and engineering. This objective was advanced in 1949 by the design of more "packaged" units for both commercial and home installations.

EMPLOYEE RELATIONS

The value of two-way communication between employees and management at every level was stressed during the year. Here a plant foreman talks things over with a small group of employees in one of their regular monthly "informative" meetings. The time spent is being proved well worth while, not only in better employee morale, but also in bringing out ideas for better ways of doing things.



Engineers look "under the hood" of the heat pump. Ten experimental models of this new product for year-round air-conditioning were on field test in 1949.

Air-wall heating, introduced in 1949, was an advance in completely engineered systems, including the heating unit, ducts, and registers. The immediate acceptance indicated a demand for similar equipment in all lines of heating and air conditioning. Continued engineering and design in this direction should facilitate the installation of year-round air-conditioning in the home.

Promising progress has been made in the field testing of a new product, the heat pump, which would in itself constitute a year-round system. The heat pump works like a refrigerator, reversible to pump either warmed or cooled air into the house. Ten pilot installations were tested with the co-operation of utility companies in selected areas throughout the country.

Newly designed units for commercial refrigeration were introduced, and the Company's water cooler continued to be a leader in the field.

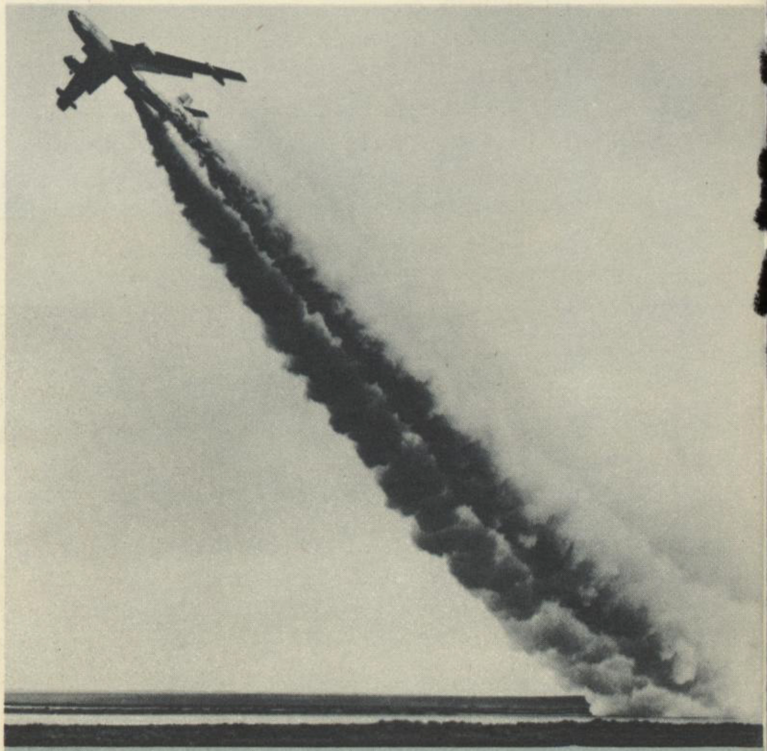
Chemical

While maintaining its leadership in the fabrication of finished plastics products and insulating materials, the Chemical Department gave new emphasis during the year to the development of new chemicals and raw materials to broaden the use of the end products. A steady flow of new knowledge into this field results from research seeking better insulating materials for electrical equipment.

Major attention was given in 1949 to the development of one of the most important of the new materials, the silicones. This new branch of chemistry produces versatile heat-resistant materials in the form of resins, rubber, oils, and grease, and the potential for new product development is believed to be tremendous.

Much progress also was made in the marketing of a shock-resistant plastic produced from a rubber component and a phenolic plastic. Many new uses for plastics parts came from the improvement of standard plastic materials and the development of new types.

While the product development plan is a long range one, the Chemical Department's



Replacing previous engines, six General Electric J-47 jet engines will add 25 per cent more power to the B-47 Stratojet which already holds transcontinental speed record of 607 mph.

operations already reflect progress. In 1950 about 14 per cent of the department's business is expected to be derived from the products which did not exist when the department was formed five years ago.

Construction Materials

In the large industrial and home building programs of 1949, there was an increased awareness of the importance of better planning to make electric power conveniently available at the point of use.

Products numbering in the thousands are listed in a complete catalog of construction materials, and their range is suggested by the diversity of 1949 developments. These included a 110,000-volt high-pressure gas-filled cable for Langley Field, Virginia; the longest oil-filled submarine power cable in the country, under Galveston Bay; a new push-button switch for electric ranges; a new braidless cord for heating appliances which is non-fraying, non-kinking, and is resistant to moisture, oil, and high heat.

There was widespread interest in General Electric's remote-control wiring system, which makes it possible to control lighting and other electrical devices from a variety of locations at greatly reduced cost.

Electronics

The rapid physical expansion of the television industry has been accompanied by equally dramatic engineering progress. Contributions in 1949 included a simplified and better circuit for television receivers and significant improvements in picture tubes and the art of making them.

The brighter G-E Daylight television tube was further improved by the use of a new dark glass faceplate which gives better contrast and clarity. The first metal-backed tubes were introduced, and a new tube factory at Electronics Park, Syracuse, began making them in all sizes. One of our major contributions in this field has been the development of highly specialized, automatic machinery. There was a trend to larger sized tubes, and in 1950 a 19-inch tube will be introduced.

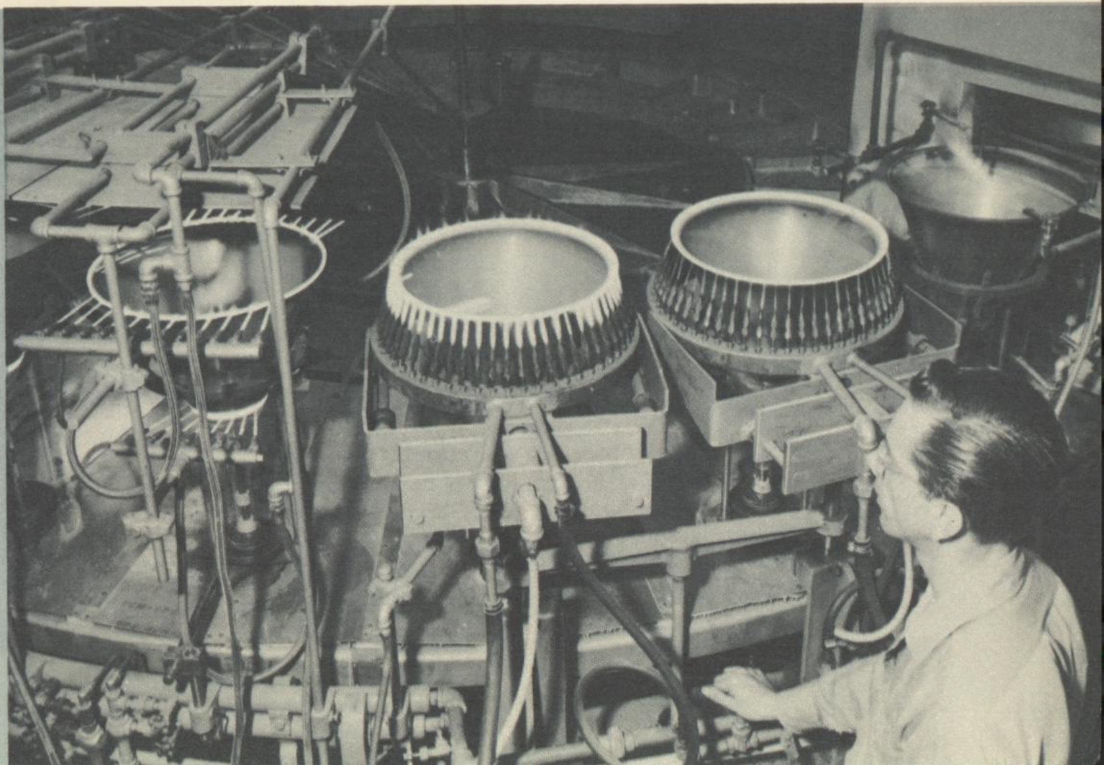
More than 15 large television transmitters were delivered, including equipment for stations in Turin, Italy, and Rio de Janeiro, Brazil.

Although the growth of television dominated the home entertainment field, the sale of radio receivers continued to be an important business. One interesting example is the clock-radio, which turns itself on or off at any preselected hour. Nearly 1,000,000 sets of this popular postwar innovation have been produced.

Two-way radio communication equipment found a wide variety of applications for police, fire-fighters, all types of public utilities, taxicabs, trucking, and bus transportation.

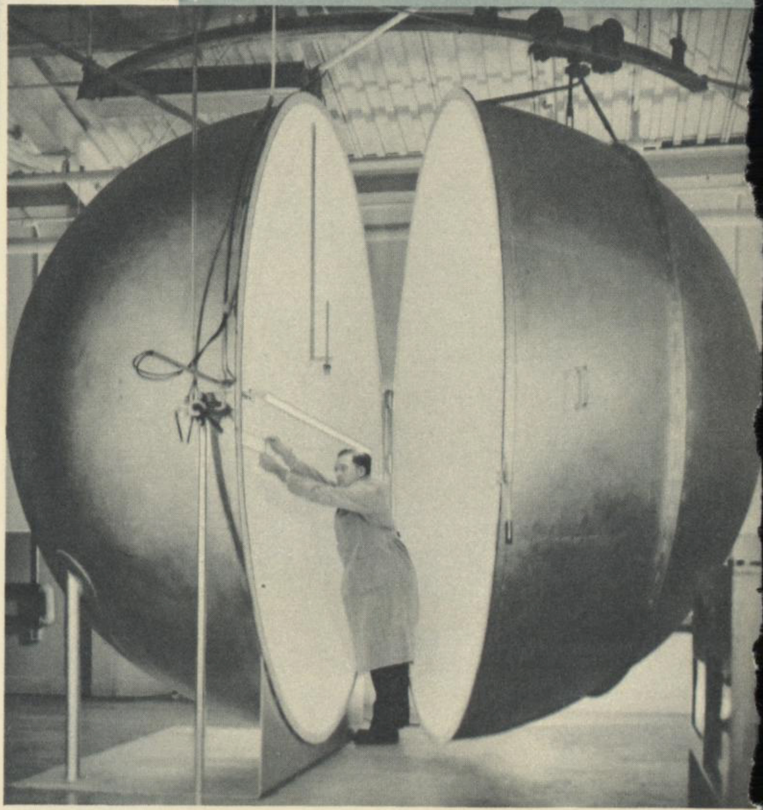
MANUFACTURING PROGRESS

An intensified program to improve manufacturing methods is based on the Company's belief that America's production achievements so far have only begun to explore the great opportunities for producing more goods at less cost. An effort is being made to extend to many more products the technique here being applied to the manufacture of television picture tubes. Through the use of highly specialized automatic machinery a better product is turned out in greater volume and at less cost. The social by-products of this effort are more jobs, pleasanter working conditions, and a higher standard of living for everyone.



General Electric home appliances are sold in many thousands of retail stores throughout the country, many of which carry the full line of General Electric products for better electrical living throughout the home.

Full color rendition is obtained with the new De Luxe fluorescent lamp, shown here in a large spherical photometer, which is used in the laboratory to measure light output.



Lighting

Following years of research, two new fluorescent lamps announced in 1949 show colors in their full beauty—close to their appearance in natural daylight—and bring out the full color values in human complexions, fabrics, and foods. Because of its high efficiency, the fluorescent lamp in its first 11 years has become firmly established in factories, schools, offices, and stores. Now its usefulness is extended to other applications where it was formerly objected to because it was unkind to certain colors. The new De Luxe cool white and De Luxe warm white fluorescent lamp will be especially desirable in the home and in certain commercial applications. The standard fluorescent lamps will continue to be the best for uses where full color rendition is less important than obtaining the most efficient light for the usual visual jobs.

Other important new product developments in 1949 included:

A smaller and more efficient 75-watt incandescent lamp, the same size and shape as the 60-watt bulb; a new bicycle headlamp, a small edition of the all-glass sealed-beam automobile headlamp; a 750-watt reflector spot lamp for high-speed photography, producing a spot of light 7 to 15 times the intensity of sunlight; a 375-watt reflector photoflood lamp for home movie-making; a tiny neon glow lamp which will burn more than 25,000 hours; new 500-watt and 375-watt infrared heat lamps for industrial processes; a 3000-watt incandescent lamp for stage spotlighting effects; a new small photographic flashtube which will stop action at 1/5000th of a second; and new slimline lamps in 4- and 6-foot lengths to supplement the 8-foot slimline lamp.

Some important trends in lighting and lamps in 1949 were:

Increased interest in better school lighting.

A new lighting system for airports, called "slopeline," adopted for both civilian and military airports. Safer landings in bad weather are expected by guiding the pilot in his final approach down a channel of light formed by two rows of specially designed sealed-beam lamps.

Acceptance by the American Medical Association of G-E germicidal lamps for disinfection of air in hospitals, nurseries, and operating rooms.

Development of travelling lighting clinics which will enable utility companies throughout the country to give local demonstrations of lighting principles and their application to schools, offices, stores, homes, and factories.

* * *

These, the highlights of a single year, are part of a continuing story of progress. The link between the closing page of one Yearbook and the opening page of the next is well expressed in the words of Dr. Willis R. Whitney, first director of General Electric research:

"The undiscovered truths of creation are, I believe, much more numerous and of greater import than the ones thus far discovered."

* * *

PUBLIC RELATIONS

Telling our own story is only one side of the Company's public relations program. Both the Company and the public prosper by better mutual understanding, because in the long run their interests are the same. Public relations, therefore, includes listening as well as telling. General Electric meets the public every day through its advertising messages and through the personal contacts of the people who make up the Company. Equal effort is given to inviting the public to come see us and communicate with us in every way.

In 1949 the General Electric sponsored Fred Waring show proved as popular in the new field of television as it had been for many years in radio. Through this program, the Company is making an important contribution to the art of an industry which it helped to develop. It is also building a position in a new medium which is potentially one of the greatest channels of communication. Television is already available to more than half of the country's population.

General Electric Company

PLANT LOCATIONS and PRINCIPAL PRODUCTS

Allentown, Pa.
Toasters

Anaheim, Calif.
Glyptal alkyd resins

Andover, O.
Miniature lamp bulbs

Ashland, Mass. (2 plants)
Clocks, timers

Baltimore, Md.
Insulators, pole line hardware

Bellevue, O.
Photoflash lamps

Bloomfield, N. J.
Heating and air-conditioning equipment

Bridgeport, Conn.
Construction materials, appliances

Bridgeville, Pa.
Lamp lead glass tubing and cane

Brockport, N. Y.
Mixers, roasters

Bucyrus, O.
Fluorescent lamps and tubing

Buffalo, N. Y.
Television and Tungar tubes

Burlington, Vt.
Ordnance

Chicago, Ill.
Ranges, automatic washers

Chicago Heights, Ill.
Commercial cooking equipment

Cicero, Ill. (2 plants)
Ranges, Calrod units, control devices

Circleville, O.
Fluorescent Slimline lamps

Cleveland, O. (6 plants)
Lamps, lamp bulbs, glass and lamp machinery, lead wires, fluorescent powder, chemicals, vacuum cleaners

Conneaut, O.
Lamp bases

Coshocton, O.
Laminated plastics, varnishes

Coxsackie, N. Y.
Heating pads, reflector heaters

Danville, Ill.
Fluorescent ballasts

Decatur, Ill.
Molded and extruded plastics products

Decatur, Ind.
Fractional-horsepower motors

DeKalb, Ill.
Fractional-horsepower motors

Detroit, Mich.
Cemented carbide tools, dies

Dover, O.
Lamp wire

East Boston, Mass.
Miniature and Christmas tree lamps

Elmira, N. Y.
Gray iron castings

Erie, Pa.
Locomotive and car equipments, industrial motors, refrigerators, freezers

Euclid, O.
Lamp wire, gases

Everett, Mass. (2 plants)
Aircraft gas turbines, supercharger parts, steel castings

Fitchburg, Mass.
Mechanical drive turbines, superchargers, welders

Ft. Edward, N. Y.
Capacitors

Ft. Wayne, Ind. (3 plants)
Refrigeration machines, fractional- and integral-horsepower motors, specialty transformers, fluorescent ballasts, magnet wire

Goldsboro, N. C.
Lamp lead wires

Holyoke, Mass.
Transformers, welders

Houston, Tex.
Panels, switchboards

Huntingburg, Ind.
Receiving tube subassemblies

Irvington, N. J.
Metal parts for electronic tubes

Jackson, Miss.
Fluorescent lamps and tubing

Jefferson, O.
Lamp lead wires

Johnson City, N. Y.
Ordnance

Lexington, Ky. (2 plants)
Sealed beam lamps, glass

Lockland, O.
Aircraft gas turbines

Logan, O.
Lamp glass tubing

Los Angeles, Cal.
Switches, circuit breakers, panel and switchboards

Lowell, Mass.
Building wire and cable

Maspeth, N. Y.
Switches, circuit breakers, panels and switchboards

Mattoon, Ill.
Fluorescent lamps

Memphis, Tenn.
Miniature and Christmas tree lamps

Milwaukee, Wis. (2 plants)
X-Ray apparatus and tubes, electromedical equipment, dishwashers, water heaters

Morrison, Ill.
Appliance controls

Newark, N. J.
Miniature and large lamps

New Kensington, Pa.
Rigid conduit

Newport, R. I. (2 plants)
Wiring devices and metal parts

Niles, O. (2 plants)
Lamp bulbs, glass, hot-rolled sheet steel

Norfolk, Conn.
Fluorescent starters

Norwood, O.
Panels, switchboards

Oakland, Calif. (3 plants)
Transformers, motors, cable, magnet wire, lamps

Ontario, Calif.
Hand irons

Owensboro, Ky.
Receiving tubes

Philadelphia, Pa.
Switchgear

Pittsfield, Mass. (5 plants)
Transformers, capacitors, regulators, industrial heating equipment, ordnance, chemicals, molded plastics and molds

Plainville, Conn.
Switches, circuit breakers, panel and switchboards

Providence, R. I. (2 plants)
Wiring devices, cord sets, lamp bases

St. Louis, Mo.
Large lamps

San Francisco, Calif.
Control apparatus

San Jose, Calif.
Motors

Schenectady, N. Y. (2 plants)
Turbines, motors, control, ordnance, wire and cable, electronics equipment, insulation and metallurgical materials

Scranton, Pa.
Electric sinks, portable dishwashers

Seattle, Wash.
Switches, circuit breakers, panel and switchboards

Somersworth, N. H.
Time switches, meters

Springfield, Mass.
Plastics molds

Syracuse, N. Y. (2 plants)
Radio and television receivers and transmitters, electronic equipment, television tubes

Taunton, Mass.
Molded plastics products

Tell City, Ind.
Radio receiving tubes

Tiffin, O.
Fractional-horsepower motors

Trenton, N. J.
Automatic washers

Utica, N. Y.
Radio receivers

Wabash, Ind.
Radio and television cabinets

Warren, O. (2 plants)
High wattage and sealed beam lamps

Waterford, N. Y.
Silicones

West Lynn, Mass. (3 plants)
Motors, turbines, aircraft gas turbines, superchargers, aircraft instruments, measurement devices

White Plains, N. Y.
Disposall kitchen-waste units

Worcester, Mass. (2 plants)
Clocks, motors, clock and timer parts

York, Pa.
Wire and cable

Youngstown, O.
Large lamps and coils

Information about General Electric products and services may be obtained through the Company's sales offices, and the offices of its authorized distributors and dealers in principal communities throughout the country. For information not available locally, inquiries may be addressed to the General Electric Company at the headquarters of the appropriate operating department listed below.

Air Conditioning Department, 5 Lawrence St., Bloomfield, N. J.
Apparatus Department, 1 River Rd., Schenectady 5, N. Y.
Appliance and Merchandise Department, 1285 Boston Ave., Bridgeport 2, Conn.
Chemical Department, 1 Plastics Ave., Pittsfield, Mass.
Construction Materials Department, 1285 Boston Ave., Bridgeport 2, Conn.
Electronics Department, Electronics Park, Syracuse, N. Y.
Lamp Department, Nela Park, Cleveland 12, O.
Affiliated Manufacturing Companies Dept., 570 Lexington Ave., New York 22, N. Y.

General Electric Company

OPERATING AND OTHER STATISTICS

DOLLARS IN MILLIONS

Year	Sales to Customers	Non-operating Income	Compensation of Employees (a)	Job Dividends (b)	Materials, etc. (c)	Depreciation Charges (d)	Federal Taxes on Income (e)	Interest and Financial Charges	Net Earnings	Dividends Declared
1934	$ 183.9	$10.5	$ 81.6	$ 2.9	$ 80.9	$ 8.4	$ 0.5	$0.5	$ 19.6	$ 20.5
1935	232.7	11.7	96.4	5.4	98.0	10.5	5.2	0.4	28.5	20.2
1936	299.1	15.6	115.6	7.1	124.5	13.1	8.4	0.4	45.6	43.3
1937	387.5	16.4	151.3	9.8	153.0	14.2	12.5	0.7	62.4	63.3
1938	292.6	10.0	126.6	9.8	118.1	13.3	6.7	0.8	27.3	25.9
1939	342.3	10.0	133.3	10.4	138.4	15.7	11.0	0.7	42.8	40.3
1940	456.5	13.2	161.9	12.3	175.4	16.7	46.3	0.5	56.6	53.3
1941	744.1	13.0	250.3	15.6	278.7	23.5	130.9	1.4	56.7	50.4
1942	964.5	11.1	383.8	27.1	372.1	26.3	120.9	1.1	44.3	40.3
1943	1,377.2	10.1	506.2	30.0	633.3	27.1	141.2	1.3	48.2	40.3
1944	1,447.1	16.3	507.3	26.9	696.9	28.0	150.0	0.8	53.5	40.3
1945	1,378.3	9.7	447.3	27.7	716.7	43.6	93.1	0.6	59.0	46.1
1946	768.9	13.4	374.4	23.0	340.2	21.5	*21.1*	1.3	43.0	46.1
1947	1,330.8	16.7	511.6	42.8	599.4	28.3	64.8	5.3	95.3	46.1
1948	1,632.7	18.8	610.3	49.6	730.5	38.3	93.7	5.3	123.8	51.4
1949	1,613.6	20.2	597.9	51.7	728.2	47.5	78.0	4.9	125.6	71.0

DOLLARS IN MILLIONS

Year	Product Prices (f)	Capital Invested (g)	Total Earnings of Employees (h)	Avg. Number of Employees (h)	Avg. Number of Stockholders	Plant Expenditures	Provision for all Taxes (e)	Notes Payable Dec. 31	Earnings as % of Sales	Earned on Capital Invested (i)
1934	109	$350.6	$ 84.2	56,059	182,311	$ 5.9	$ 6.0	$ 2.6	10.7%	5.6%
1935	108	317.0	98.4	63,048	185,975	6.6	11.2	0.5	12.3	9.0
1936	104	329.2	119.8	70,199	188,319	10.4	16.9	9.2	15.2	13.9
1937	107	329.8	163.1	85,947	196,309	24.8	26.5	9.0	16.1	18.9
1938	104	332.4	116.6	68,809	207,702	13.4	18.9	9.7	9.3	8.3
1939	102	328.1	134.5	71,485	209,627	13.3	24.8	3.7	12.5	13.1
1940	100	330.7	169.6	85,746	211,622	23.5	61.8	4.7	12.4	17.2
1941	-f)	337.5	278.6	121,326	217,398	45.2	159.5	5.7	7.6	16.9
1942	-f)	347.8	410.7	151,644	220,504	31.7	154.2	5.1	4.6	12.8
1943	-f)	357.9	506.0	184,445	226,386	14.9	175.0	5.1	3.5	13.5
1944	-f)	368.1	497.2	180,018	232,925	13.3	191.1	4.1	3.7	14.6
1945	-f)	380.7	433.9	161,822	238,975	41.1	126.9	3.4	4.3	15.6
1946	111	578.7	404.7	159,435	246,013	99.8	17.7	202.9	5.6	7.6
1947	133	632.8	559.8	185,696	249,351	102.0	129.4	202.4	7.2	15.8
1948	137	734.8	662.7	196,798	249,311	103.9	173.7	177.1	7.6	17.5
1949	137	761.5	606.7	179,300	250,562	60.9	152.1	144.5	7.8	17.1

(a) Excludes compensation applicable to work in process and finished goods on hand at end of year, that chargeable to plant construction or similar capital projects, and that applicable to Nucleonics projects.

(b) Pensions, insurance, social security taxes and all other employee benefits.

(c) Includes all other applicable costs, expenses and charges not separately tabulated.

(d) Amounts shown for 1941 through 1945 include amortization charges. The 1945 charges also include accelerated amortization of emergency facilities applicable to the years 1940–1945, inclusive.

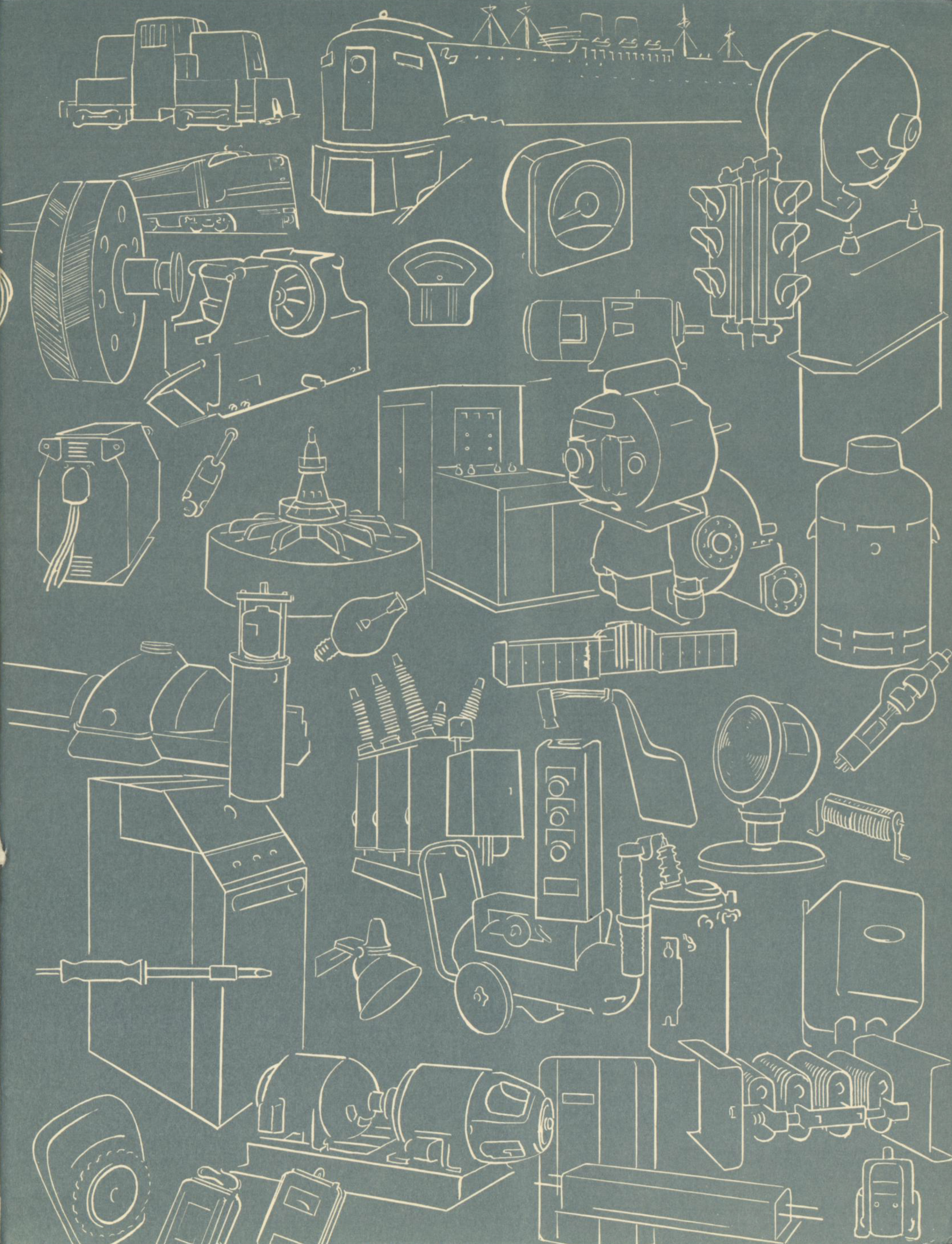
(e) Amounts shown cover provision for taxes applicable to operations for the year, less claims for refunds of taxes on income for prior years and estimated postwar refunds of excess profits taxes.

(f) Index numbers—1940 = 100. Data cover prices of products of the Parent Company only in 1934–1939, inclusive, and of the consolidated companies thereafter—all on a weighted average basis. Data for 1941–1945, inclusive, were omitted because production was largely for war purposes.

(g) Stockholders' investment plus notes payable as of December 31 each year.

(h) These data cover all employees on the payroll and their total earnings for the year, including the number of, and amounts earned by, employees working on Nucleonics projects operated for the U.S. Government.

(i) Consolidated net earnings for the year—before interest on borrowed money—in relation to total capital invested as of the close of the year.



You can put your confidence in—

GENERAL ELECTRIC